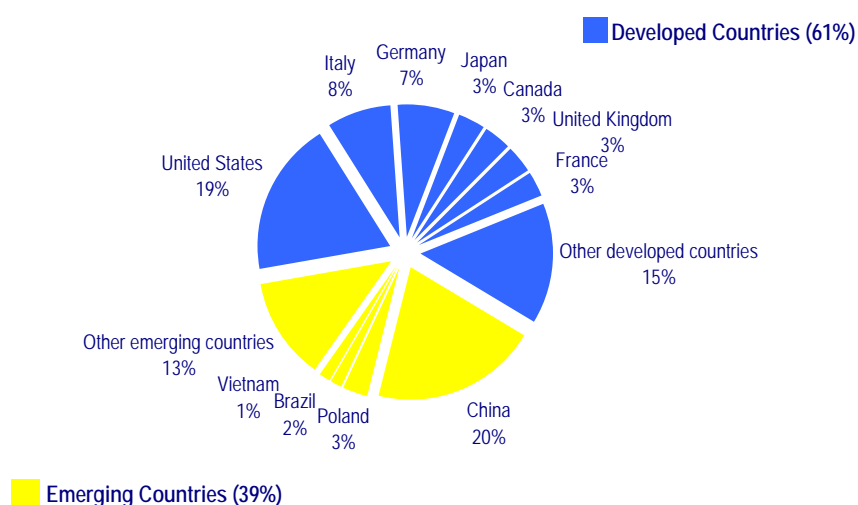


1 Summary

The world furniture market

World production of furniture is worth about US\$ 350 billion¹. This estimate is based on CSIL processing of data from official sources, both national and international, that cover the 60 most important countries.

Figure 1
World furniture production



Source: CSIL processing

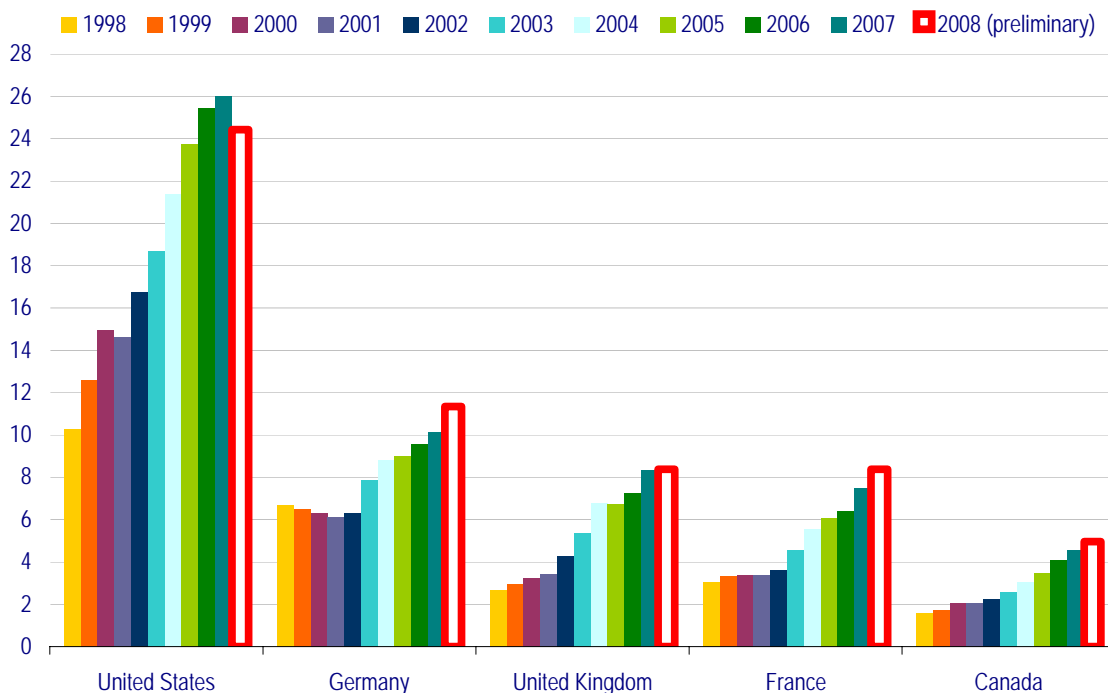
The seven major industrial economies (which are, in order of furniture production, the United States, Italy, Germany, Japan, Canada, the United Kingdom and France) together produce 47% in value of the world total. The furniture production of all developed countries combined covers 61% of the world total.

Furniture production in emerging countries currently amounts to 39% of the world total in value. There are three countries (China, Poland and Vietnam) where production is increasing rapidly thanks to recent investments in new plants especially designed and built for exports.

¹ All data in the report are in current US\$. They are affected by exchange rate variations, in particular by the strengthening of the major currencies against the US\$.

World furniture trade basically involves 60 countries, which are the subject of the report "World Furniture Outlook 2009" and of the World Furniture Indicators. The leading importers are the United States, Germany, the United Kingdom, France and Canada. The major exporters are China, Italy, Germany, Poland and Canada.

Figure 2
Five major furniture importing countries. Imports, 1998 - 2008.
Current US\$ billion



Source: CSIL processing of United Nations, Eurostat and national data

In the 1998-2007 period there was a very large increase in the imports of the United States (from US\$ 10.3 billion to US\$ 26 billion in current dollars) and of the United Kingdom (from US\$ 2.6 billion to US\$ 8.3 billion in current dollars), and smaller increases in France, Germany and Canada.

The recession in the US caused a substantial decrease in furniture imports (from US\$ 26 billion to about US\$ 24 billion in 2008). A further decrease is expected for 2009.

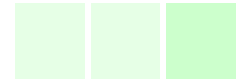
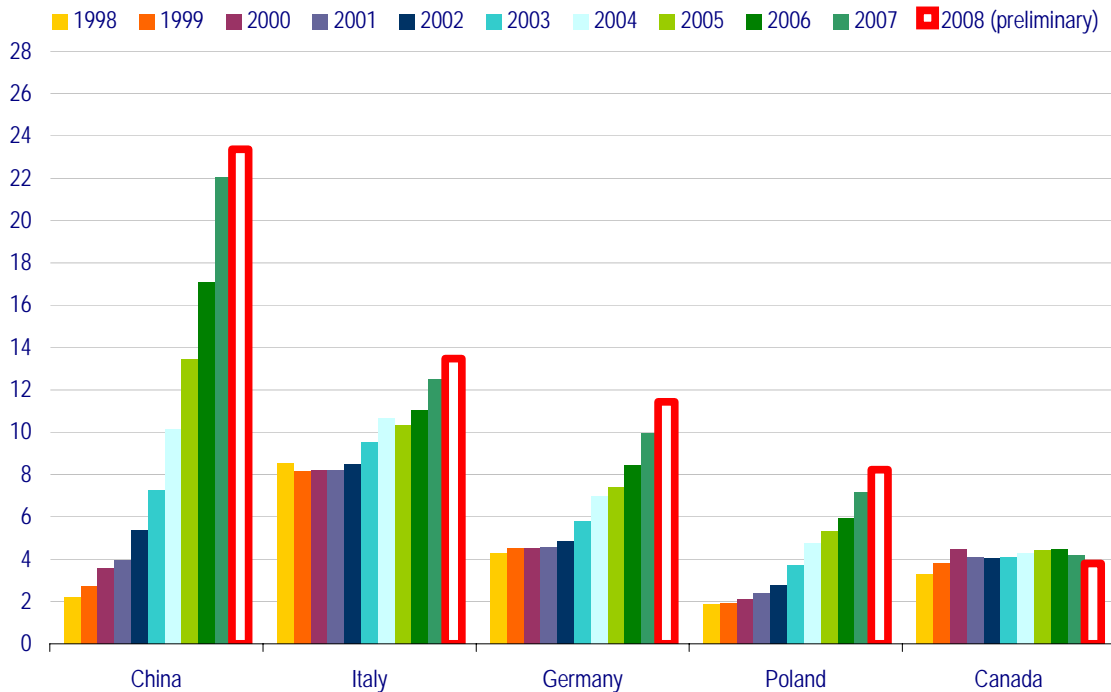


Figure 3
Five major furniture exporting countries. Exports, 1998 - 2008.
Current US\$ billion



Source: CSIL processing of United Nations, Eurostat and national data

The most important structural phenomenon of the past decade was the increased degree of openness of the furniture markets (measured as the ratio between imports and consumption, which for the entire world rose from 21.6% in 1998 to 30.5% in 2007).

Growth is now levelling off and no further increases are expected in 2009 as all major furniture importing countries will be in recession.

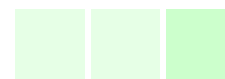
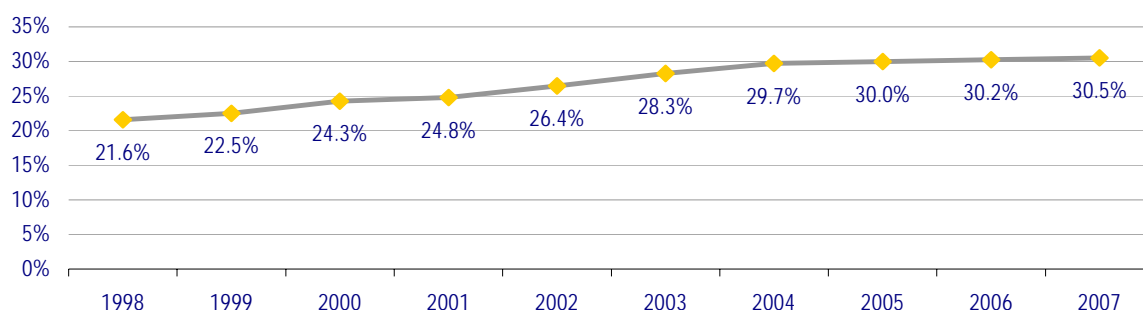


Figure 4
The opening of the world furniture markets, 1998 – 2007.
Imports/consumption ratio



Source: CSIL from industry and official data

As shown in Figure 4, growth of the imports/consumption ratio has been rapid until 2004 and is now levelling off.

The world economy in 2008 and 2009

This report assumes that the international scenario in 2008 and 2009 will be as follows:

Table 1
Evolution of world GDP.
Annual percentage change in real terms

	2008	2009
World	3.7%	2.2%
Advanced economies	1.4%	-0.3%

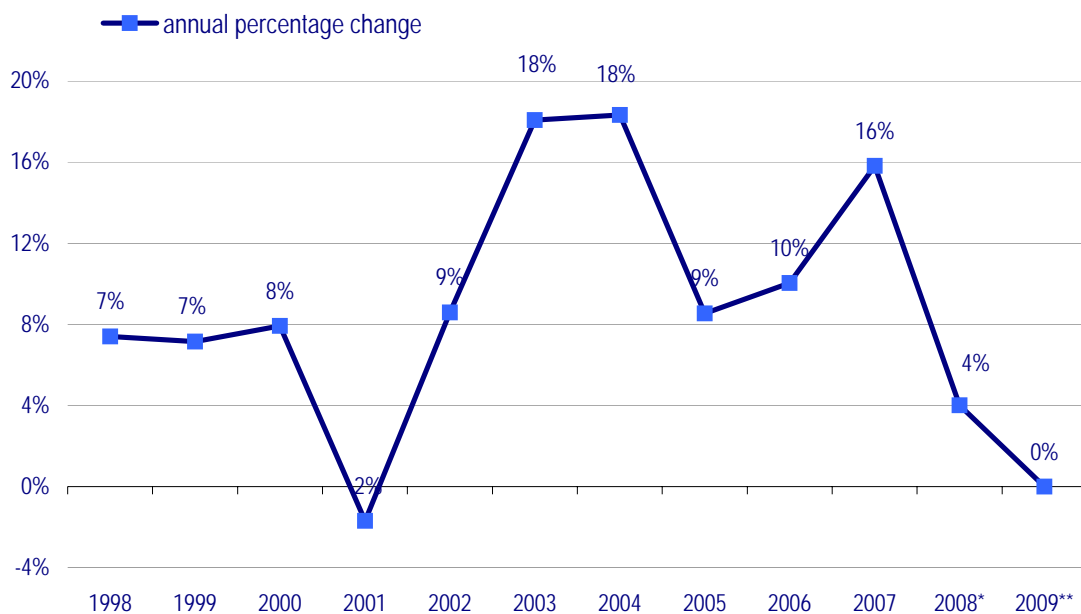
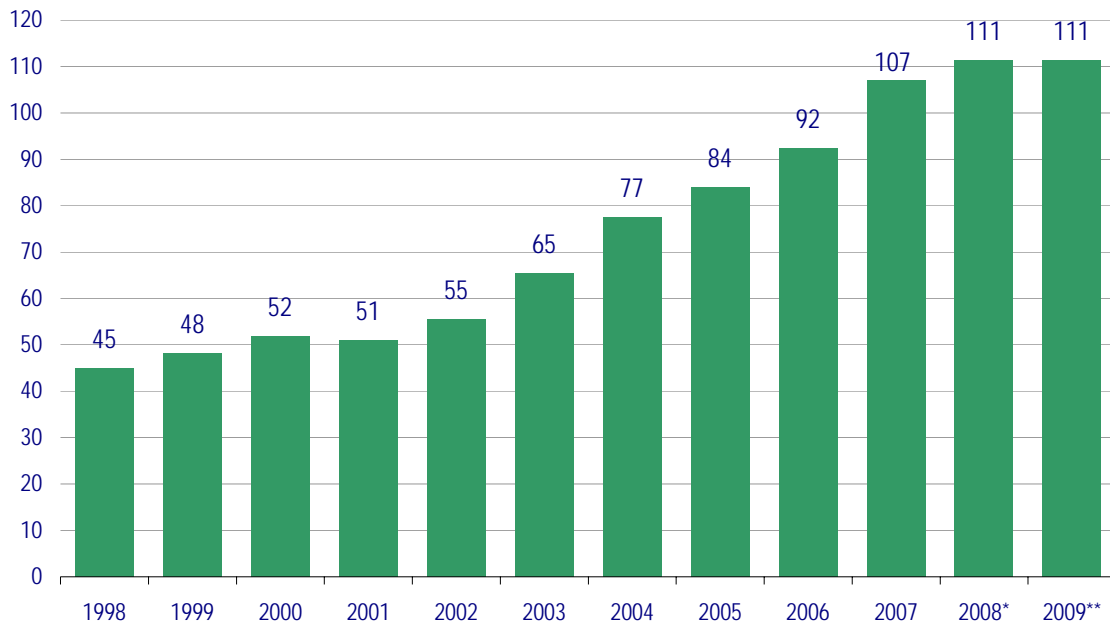
Source: IMF, World Economic Outlook, November 2008

As a consequence of the opening of the main furniture markets in the last ten years, international trade of furniture has grown faster than furniture production and faster than international trade of manufactures.

World trade of furniture is expected to grow by 4% in 2008 in current dollars. World trade of furniture would then amount to US\$ 111 billion in 2008 (see Figure 5).

In 2009 there will be a substantial slowdown of growth for the entire world and a recession in the advanced economies. No growth of world trade of furniture is expected in 2009.

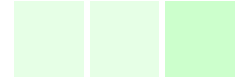
Figure 5
World trade of furniture.
Current US\$ billion and annual percentage changes



Source: CSIL processing

* Preliminary

** Projected



The “World Furniture Outlook 2009” for 60 countries

Furniture demand is expected to decrease or to remain stable in 2009 in all large markets with the exception of China, India and South Korea.

The list of countries where furniture demand in 2009 should grow more than 3% in real terms is: China, India, Russia, Egypt and Kuwait.

Moderate growth is expected in 29 countries and no growth in 11 countries.

In 15 countries (United States, Germany, United Kingdom, Italy, France, Canada, Spain, Netherlands, Belgium, Portugal, Ireland, Ukraine, Hungary, Latvia and Estonia) furniture demand is expected to decrease.

The cutoff date for data in this report is November 20, 2008. The report “World Furniture Outlook 2009” has been presented during the 26th edition of CSIL annual “Forecast Seminar for the Furniture Industry in Italy and Worldwide” which took place in Milan on November 21, 2008.

Forecasts are based on macroeconomic data and projections provided by international organisations (particularly the International Monetary Fund and the Organization for Economic Co-operation and Development) in the first half of November.

At the time of closing of this report the world economic outlook is exceptionally uncertain and downside risks are extremely serious. This caveat applies both to the macroeconomic projections and to the market forecasts in this report.

Find more about CSIL as a market research and strategic consulting company at: www.csilmilano.com